

**Updated Informative Digest for the
Adoption of California Code of Regulations, Title 18,
Sections 2000, *Retailer Reimbursement Retention*, and
2001, *Additional Allowed Retailer Reimbursement Retention***

On September 10, 2013, the State Board of Equalization (Board) held a public hearing on and voted to adopt California Code of Regulations, title 18, sections (Regulations) 2000, *Retailer Reimbursement Retention*, and 2001, *Additional Allowed Retailer Reimbursement Retention*, without making any changes to the original proposed text of the regulations. There have not been any changes to the applicable laws directly related to the adoption of Regulations 2000 and 2001 described in the informative digest included in the notice of proposed regulatory action. And, there have not been any changes to the Board's objective for adopting Regulations 2000 and 2001 or the effect of the Board's adoption of Regulations 2000 and 2001 described in the informative digest included in the notice of proposed regulatory action. However, the Board did receive and respond to public comments regarding the adoption of Regulations 2000 and 2001, which are discussed below and in the final statement of reasons. And, one of the anticipated benefits from the adoption of Regulations 2000 and 2001 described in the informative digest included in the notice of proposed regulatory action has changed slightly, as discussed in more detail below.

Informative Digest

The informative digest included in the notice of proposed regulatory action provides:

"Current Law

"PRC section 4629.5

"PRC section 4629.5, as enacted by Assembly Bill No. (AB) 1492 (Stats. 2012, ch. 289), imposes, on and after January 1, 2013, a one-percent Lumber Products Assessment on purchasers of lumber products and engineered wood products to be collected by retailers at the time of sale. As enacted by AB 1492, PRC section 4629.5, subdivision (a)(3) authorizes the Board to adopt regulations to determine the amount retailers may retain from the assessments they collect as reimbursement for certain compliance costs. Specifically, PRC section 4629.5, subdivision (a)(3), in relevant part, provides:

The retailer shall collect the assessment from the person [i.e., purchaser] at the time of sale, and may retain an amount equal to the amount of reimbursement, as determined by the State Board of Equalization pursuant to regulations, for any costs associated with the collection of the assessment, to be taken on the first return or next consecutive returns until the entire reimbursement amount is retained.

“Notably, PRC section 4629.5 and the legislative analyses of AB 1492 do not expressly indicate how the Board is to determine the amount of reimbursement that retailers may retain. However, the statute does appear to provide that retailers may only retain the Board-prescribed amount of reimbursement one time, on the retailers’ first returns or next consecutive returns filed immediately after the retailers are required to begin collecting the Lumber Products Assessment on January 1, 2013. And, the statute does not authorize retailers to retain additional amounts thereafter.

“As to legislative history, both the relevant Senate and Assembly floor analyses refer to retailers being reimbursed for ‘costs to set up collection systems.’ (See p. 2 of the September 1, 2012, Assembly Floor Analysis of AB 1492 and p. 2 of the August 29, 2012, Senate Floor Analysis of AB 1492.) Thus, both the plain language of PRC section 4629.5, subdivision (a)(3) and the available information regarding legislative intent support an interpretation that subdivision (a)(3) provides for affected retailers to retain a one-time amount, as specifically determined by the Board, for reimbursement of costs to set up collection systems prior to the commencement of their collection duties on January 1, 2013. Neither the plain language of PRC section 4629.5, subdivision (a)(3) nor the available legislative history persuasively support an interpretation that would allow for the retention of amounts in excess of the Board-specified reimbursement amount to compensate retailers for ongoing collection costs.

“Emergency Regulation 2000

“In addition, PRC section 4629.5, subdivision (a)(3), as added by AB 1492, authorizes the Board to ‘adopt emergency regulations,’ pursuant to Government Code section 11346.1, to prescribe the amount retailers may retain from the Lumber Products Assessments they collect, and provides that the adoption of any such regulations ‘shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health, and safety, and general welfare.’ Therefore, on October 23, 2012, the Board voted to:

- Added new chapter 4.1 to division 2 of title 18 of the California Code of Regulations so that any regulations the Board is required to adopt to implement, interpret, and make specific the Lumber Products Assessment imposed by PRC section 4629.5 can be codified in the new chapter; and
- Adopt Regulation 2000, which is codified in new chapter 4.1, as an emergency regulation, in order to determine the ‘amount of reimbursement’ a retailer may retain pursuant to PRC section 4629.5, subdivision (a)(3), before retailers started collecting the new assessment on January 1, 2013.

“Emergency Regulation 2000 provides that retailers as of January 1, 2013, may retain collected assessment amounts of up to \$250 per location as reimbursement for one-time, startup costs associated with the collection of the assessment (i.e., the costs to set up collection systems). Specifically, Regulation 2000 provides:

Public Resources Code section 4629.5, as added by Statutes 2012, chapter 289, requires the Board of Equalization to adopt a regulation to determine the amount of reimbursement a retailer may retain for costs associated with the collection of the Lumber Products Assessment imposed by Public Resources Code section 4629.5.

A retailer required to collect the Lumber Products Assessment may retain no more than \$250 per location as reimbursement for startup costs associated with the collection of the assessment. Such reimbursement is to be taken on the retailer's first return on which the Lumber Products Assessment is reported or, if the amount of the collected assessment is less than the allowed reimbursement, on the retailer's next consecutive returns until the allowed reimbursement amount is retained.

"Location" means and is limited to a business location registered under the retailer's seller's permit as of January 1, 2013, where sales of products subject to the assessment are made.

"The \$250 retention amount in emergency Regulation 2000 is based on the Board's understanding of the amount of retailer reimbursement discussed when AB 1492 was drafted. Staff also estimated the \$250 retention amount in emergency Regulation 2000 using U.S. Census Bureau data and a 2006 PricewaterhouseCoopers report on gross retail sales tax compliance costs for programming and servicing cash registers for sales tax rate and bases changes (PricewaterhouseCoopers report). And, emergency Regulation 2000 recognizes that an affected retailer's start-up costs will be affected by the number of retail locations the retailer must get ready to collect the new assessment on January 1, 2013.

"An emergency regulation adopted pursuant to Government Code section 11346.1 is effective for a 180-day period. The Office of Administrative Law (OAL) may approve two readoptions of the same emergency regulation, under specified circumstances, each for an effective period of 90 days. However, an emergency regulation will automatically be repealed and deleted from the California Code of Regulations, unless the regulation is readopted through the regular rulemaking process before the emergency regulation ceases to be effective. (Gov. Code, § 11346.1, subs. (e), (g), and (h).)

"Emergency Regulation 2000 became effective on January 1, 2013. The Board subsequently readopted emergency Regulation 2000 in accordance with Government Code section 11346.1, subdivision (h). OAL approved the readoption on June 25, 2013, and indicated that readopted emergency Regulation 2000 will not expire until September 24, 2013. Therefore, OAL still has discretion to approve one more readoption of emergency Regulation 2000 before that time, which may extended the effective period of the regulation by an additional 90 days.

"Effect, Objectives, and Benefits of the Proposed Adoption of Regulations 2000 and 2001

“Business Taxes Committee Process

“The California Forestry Association supported the initial adoption of emergency Regulation 2000 and the \$250 reimbursement amount established by the regulation. However, the Board did not immediately propose to adopt emergency Regulation 2000 through the regular rulemaking process because other interested parties, including the California Retailers’ Association and the West Coast Lumber & Building Material Association (West Cost), argued that affected retailers should receive more reimbursement, including reimbursement on an ongoing basis. Therefore, on October 23, 2012, the Board also unanimously voted to begin a Business Taxes Committee (BTC) process to meet with interested parties and discuss the adoption of a regulation, through the regular rulemaking process, to permanently specify the amount of reimbursement a retailer may retain for costs associated with the collection of the Lumber Products Assessment imposed by PRC section 4629.5 beginning January 1, 2013.

“Start-up Costs and Ongoing Costs

“During the BTC process, some interested parties read PRC section 4629.5, subdivision (a)(3), as providing for reimbursement of ‘any costs’ associated with the collection of the Lumber Products Assessment, including ongoing costs. However, as previously discussed, Board staff believes that PRC section 4629.5, subdivision (a)(3) authorizes the Board to determine and prescribe a specific one-time amount of reimbursement -for start-up costs to implement the Lumber Products Assessment on January 1, 2013, that may be retained by all affected retailers, regardless of their actual costs; and staff does not believe that the statute allows retailers to retain a percentage of the assessments they collect or retain unique amounts of reimbursement for their actual start-up or ongoing costs. This is primarily because:

- PRC section 4629.5 expressly provides that retailers may only retain ‘an amount’ determined by the Board and does not authorize retailers to calculate and retain other amounts;
- PRC section 4629.5 requires a retailer to retain the Board prescribed amount of reimbursement from the assessments reported on its ‘first return or next consecutive returns until the entire reimbursement amount is retained’; and
- PRC section 4629.5 does not expressly provide for the ongoing retention of a percentage of collected assessments, as do the California Tire Fee Law and Covered Electronic Waste Recycling Fee Law, which both expressly authorize retail sellers to retain 1.5 percent (PRC § 42885) and 3 percent (PRC § 42464), respectively, of the fees they collect as ongoing reimbursement of collection costs.

“Staff’s understanding of PRC section 4629.5, subdivision (a)(3), is consistent with the Senate and Assembly floor analyses of AB 1492, which refer to retailers being reimbursed for ‘...costs to set up collection systems,’ not ongoing costs of collection. The interested parties that supported AB 1492, including the California Forestry Association, California Native Plant Society, Forests Forever, Pacific Forest Trust, Sierra

Club, and the Center for Biological Diversity, have confirmed that staff's understanding of PRC section 4629.5, subdivision (a)(3) is consistent with the intent of AB 1492. In addition, California Assemblymembers Bob Blumenfield, Wesley Chesbro, Richard Gordon, Richard Bloom, and Roger Dickinson have recommended to the Board that reimbursement be limited to startup costs.

"Amount of Reimbursement for Start-up Costs"

"In addition, Board staff and some interested parties continued to disagree about the 'amount' that affected retailers should be permitted to retain as reimbursement for start-up costs during the BTC process. These interested parties believe that the reimbursement amount in emergency Regulation 2000 is too low and that the amount should be increased to compensate most retailers for their actual start-up costs. For example, Caseywood estimated that it cost \$7,000 to implement computer system, internal process, and accounting changes necessary to comply with the new law. Other retailers advised staff that their current accounting systems could not be updated to calculate the new assessment, and that they were forced to update both software and hardware, at an estimated cost of \$45,000, in order to implement the assessment. Also, West Coast surveyed its members and informed staff that the members' average cost to implement the assessment was \$5,480 per location.

"To get a better idea of retailers' average costs to update their software for the Lumber Products Assessment, staff contacted three software companies that provide software packages for the retail lumber industry. One company indicated that it included the update to collect the assessment in its annual software update and did not charge an additional amount to its existing customers, and the other software providers advised staff that for current customers they generally charged \$250 per location to update their software to collect the assessment. The software providers also explained that their charges (if any) did not include the hours spent reviewing inventory and coding SKU's (stock keeping units) for products subject to the assessment. These tasks were typically completed by a retailer's employees with the expense incurred directly by the retailer. Further, staff learned that retailers who use custom or proprietary accounting software were not able to take advantage of pricing discounts from package software providers and generally paid hourly rates for software technicians to update their systems. Furthermore, staff found that one company estimated that for a new retail account, they would charge about \$30,000 plus a monthly fee to set up a whole new accounting system that performed various functions, including collecting the Lumber Products Assessment.

"To get a better idea of retailers' average costs to update their software for the assessment, staff also continued to review the available cost data, including the PricewaterhouseCoopers Report, referred to above, and found another reasonable alternative method that could be used to estimate affected retailers' average start-up costs. First, staff found that the purpose of AB 1492 was, among other things, to ensure continued sustainable funding for California's forest program to protect the state's forest resources and to replace the current piecemeal funding structure with a single funding source and that the amount of allowed retention directly affects the revenue the fund

receives. Second, in Board staff's September 11, 2012, Legislative Enrolled Bill Analysis of AB 1492, staff estimated that the new one-percent Lumber Products Assessment would generate annual revenue of \$35 million from approximately \$3.5 billion of sales subject to the assessment. Third, during the BTC process, staff estimated, using U.S. Census Bureau data, that there were close to 10,000 retail locations that were required to begin collecting the new assessment on January 1, 2013, and that each location would collect an annual average of \$3,500 in assessments on average annual sales of \$350,000 subject to the assessment.

"Fourth, staff also analyzed the PricewaterhouseCoopers Report in more detail, and found that the \$250 amount in emergency Regulation 2000 accounted for costs to program and service cash registers (and other point-of-sale systems), but did not account for all of the categories of compliance costs, included in the study. Further, staff found that the PricewaterhouseCoopers Report shows an average gross compliance cost of 0.21 percent of taxable sales for the Building and Garden Supplies industry. Furthermore, staff recognized that the percentage was derived from looking at some costs that were not properly classified as start-up costs, such as costs to deal with audits and appeals, but that the percentage also failed to account for some costs that were properly classified as start-up costs, such as costs to identify and code products subject to the assessment. Therefore, staff concluded that it would be reasonable to use the percentage to calculate start-up costs.

"As a result, during the BTC process, Board staff calculated that the average amount of start-up costs to implement the Lumber Products Assessment on January 1, 2013, was approximately \$735 per retail location by multiplying the average amount of annual sales subject to the assessment that staff estimated would be made by each retail location (\$350,000) by 0.21 percent. Staff proposed that affected retailers be permitted to retain an additional \$485 (\$735 - \$250) from the assessments they collect, for start-up costs, beginning January 1, 2014. Therefore, staff recommended that the Board propose to adopt emergency Regulation 2000, through the regular rulemaking process, without making any changes, and that the Board also propose to adopt new Regulation 2001, through the regular rulemaking process, to provide that '[b]eginning January 1, 2014, a retailer required to collect the Lumber Products Assessment may retain \$485 per location, in addition to the \$250 allowed by Regulation 2000, as [additional] reimbursement for startup costs associated with the collection of the assessment.'

"During its BTC meeting on June 11, 2013, the Board tentatively agreed with staff's revised calculation of the average amount of start-up costs to implement the Lumber Products Assessment on January 1, 2013, of approximately \$735 per retail location. Therefore, the Board voted to propose to adopt emergency Regulation 2000, through the regular rulemaking process, without making any changes, and also to propose to adopt new Regulation 2001, through the regular rulemaking process. The Board's objective for proposing to adopt emergency Regulation 2000 and Regulation 2001 is to have the effect of prescribing \$735 per retail location as the total amount of reimbursement that affected retailers may retain from the Lumber Products Assessments they collect as

reimbursement for start-up costs pursuant to PRC section 4629.5. The regulations are anticipated to provide the following benefits:

- Provide certainty as to the amount of reimbursement retailers may retain pursuant to PRC section 4629.5;
- Permit retailers to retain the amount of reimbursement determined by the Board without requiring retailers to keep additional records or substantiate their individual costs; and
- Preserve the public peace, health, safety, and general welfare, as provided in PRC section 4629.5, subdivision (a)(3).

“The Board has performed an evaluation of whether proposed Regulations 2000 and 2001 are inconsistent or incompatible with existing state regulations and determined that the regulations are not inconsistent or incompatible with existing state regulations because they are the only state regulations prescribing the ‘amount of reimbursement’ a retailer may retain pursuant to PRC section 4629.5, subdivision (a)(3). In addition, there is no federal assessment similar to the Lumber Products Assessment imposed by PRC section 4629.5 and there are no comparable federal regulations or statutes to proposed Regulations 2000 and 2001.”

Second Readoption of Emergency Regulation 2000

On August 13, 2013, the Board readopted Regulation 2000 for the second time, as an emergency regulation pursuant to Government Code section 11346.1, subdivision (h), without making any changes to the regulation’s text. OAL approved the second readoption of emergency Regulation 2000 on September 23, 2013. OAL also indicated that readopted emergency Regulation 2000 will expire on December 24, 2013, unless the Board adopts Regulation 2000 through the regular rulemaking process and delivers the completed rulemaking file for the adoption of Regulation 2000 to OAL by December 23, 2013.

Public Comments and Responses

The Board received six written comments regarding the proposed regulatory action. As relevant here, the September 10, 2013, letter from Ken Dunham, Executive Director of West Coast, reiterated West Coast’s prior comments from the interested parties process that the average cost to implement the Lumber Products Assessment imposed by PRC section 4629.5 was approximately \$5,500 per retail location and that the Board should adopt a regulation that provides \$5,500 of reimbursement per retail location. The undated letter from David Templeton, CFO of Central Valley Builders Supply (Central Valley), indicated that Central Valley thinks the \$5,500 of reimbursement per retail location requested by West Coast is reasonable because \$5,500 reflects the actual cost of managing the Lumber Products Assessment. The September 4, 2013, letter from Michael Tuchman, President of Roadside Lumber and Hardware, Inc. (Roadside), stated that Roadside supports West Coast’s request for \$5,500 of reimbursement per retail location. The September 6, 2013, email from Matt Peterson, Vice President of Mead Clark Lumber

Company, Inc. (Mead Clark), stated that Mead Clark incurred close to \$5,500 in costs to implement the Lumber Products Assessment and urged the Board to consider providing the \$5,500 of reimbursement per retail location requested by West Coast. The September 9, 2013, letter from Will Higman, COO of Reliable Wholesale Lumber, Inc. (Reliable), said that Reliable has incurred “\$45,000 in IT costs” related to the Lumber Products Assessment and urged the Board to provide \$5,500 of reimbursement per retail location for costs to implement the assessment. The September 10, 2013, letter from David Thom, owner of Bruce Bauer Lumber and Supply (Bruce Bauer), also indicated that it was expensive for Bruce Bauer to implement the Lumber Products Assessment and urged the Board to consider providing the \$5,500 of reimbursement per retail location requested by West Coast.

In addition, the September 6, 2013, email from Mr. Peterson urged the Board to consider providing some continuing reimbursement for future compliance costs. And, the September 9, 2013, letter from Mr. Higman urged the Board to provide ongoing annual reimbursement of up to \$1,500 per retail location.

Furthermore, Mr. Dunham appeared at the public hearing on September 10, 2013, and reiterated the comments from his September 10, 2013, letter. Jeff Pardini, CEO of Hills Flat Lumber Company (Hills Flat), appeared at the public hearing. Mr. Pardini said that he estimated that it cost Hills Flat \$9,600 per location to implement the Lumber Products Assessment, but that the average cost in the industry is \$5,500 per location and Hills Flat is willing to acquiesce to \$5,500 of reimbursement. Augie Venezia, President of Fairfax Lumber and Hardware (Fairfax), also appeared at the public hearing. Mr. Venezia stated that Fairfax’s experience implementing the Lumber Products Assessment mirrors the experiences of the other lumber products retailers that submitted the written comments discussed above.

During the public hearing on September 10, 2013, Board staff said that staff has continued to monitor the implementation of the Lumber Products Assessment, in accordance with the Board’s direction from the June 11, 2013, BTC meeting, which was referred to in the initial statement of reasons for the adoption of Regulations 2000 and 2001. Board staff explained that staff has reviewed the returns filed for the first and second quarters of 2013 to try to obtain additional information to help verify the number of retail locations that were required to begin collecting the new assessment on January 1, 2013, and the amount of revenue they are actually collecting. And, Board staff is still comfortable with an estimate that the Lumber Products Assessment will generate between \$30 and \$35 million in revenue in 2013, which is consistent with the revenue estimate from Board staff’s September 11, 2012, Legislative Enrolled Bill Analysis of AB 1492, referred to in the initial statement of reasons and the informative digest included in the notice of proposed regulatory action for the adoption of Regulations 2000 and 2001.

However, during the public hearing, Board staff also indicated that staff does not have sufficient information, at this time, to provide a more definitive estimate regarding the number of retail locations for which reimbursement may be claimed under proposed

Regulations 2000 and 2001. And, the lack of information is mainly due to the fact that the returns filed for the first and second quarters of 2013 only indicate the number of retail locations that were registered to collect the Lumber Products Assessment on January 1, 2013, and have already reported making sales of products subject to the Lumber Products Assessment from January 1, 2013, to June 30, 2013. But, the returns filed so far do not indicate whether any additional retail locations that were registered to collect the Lumber Products Assessment on January 1, 2013, will make sales of products subject to the assessment from July 1, 2013, to December 31, 2013, or subsequently report sales that they made during the first two quarters of 2013, but did not timely report. And, Board staff also indicated that staff does not anticipate having sufficient information to provide a more definitive estimate until March or April of 2014 when:

- Staff has been able to review all of the returns filed for 2013;
- Determine which registered retail locations actually reported collecting assessments from purchasers of lumber products and engineered wood products during 2013; and
- Determine which registered retail locations, which Board staff originally determined were likely to sell products subject to the Lumber Products Assessment, did not in fact report collecting any assessments because they did not actually sell products subject to the assessment in 2013.

The Board considered all of the oral and written public comments and the comments made by Board staff during the public hearing. The Board affirmed its earlier determination from the June 11, 2013, BTC meeting, which is referred to in the initial statement of reasons, that the purpose of AB 1492 is to ensure continued sustainable funding for California's forest program to protect the state's forest resources. The Board also determined that the Legislature intended for affected lumber retailers to be fairly reimbursed for start-up costs to implement the Lumber Products Assessment. And, the Legislature intended for the Board to consider how the amount of reimbursement established by the Board would affect the revenue available for California's forest program, not focus solely on retailers' costs, in determining what a fair amount of reimbursement is under PRC section 4629.5, subdivision (a)(3).

Furthermore, the Board recognized that there are a number of variables that need to be taken into account in arriving at a fair amount of reimbursement for start-up costs, such as the amount of funding needed for California's forest program, the amount of revenue that will actually be generated by the Lumber Product Assessment in 2013, the number of retail locations that will actually be eligible to retain reimbursement from the assessments they collect, and the timing of their reimbursement. The Board also realized that it would not have sufficient information to take all of the variables into account and determine whether the total amount of reimbursement prescribed by proposed Regulations 2000 and 2001, \$735 per retail location, can be increased without affecting the revenue available for California's forest program, before emergency Regulation 2000 expires. And, the Board realized that it might not even have sufficient information to make that determination, propose substantially related changes to Regulation 2000 or 2001 or both,

if necessary, and then adopt the regulations before the current rulemaking action expires under Government Code section 11346.4.

As a result, the Board concluded that it was still comfortable that the Lumber Products Assessment would generate enough revenue to allow affected retailers to retain \$735 of reimbursement per retail location, for start-up costs, without affecting the revenue available for California's forest program. However, due to the uncertainty regarding all of the variables discussed above, the Board concluded that it could not agree, at this time, that the proposed regulations could be changed to provide affected retailers with \$5,500 of reimbursement per retail location, for start-up costs, without affecting the revenue available for California's forest program. And, based upon the discussion of the express language of PRC section 4629.5, subdivision (a)(3) in Formal Issue Paper 13-005, the initial statement of reasons, and the informative digest included in the notice of proposed regulatory action, the Board concluded that PRC section 4629.5, subdivision (a)(3), authorizes the Board to determine the amount that affected retailers may retain as reimbursed for start-up costs, not the ongoing costs of collection. Therefore, the Board did not agree to make changes to Regulations 2000 and 2001 to increase the total amount of reimbursement per retail location for start-up costs or to allow affected retailers to retain additional amounts as reimbursement for ongoing costs.

Instead, based upon the current circumstances, the Board concluded that the best thing the Board could do for affected retailers, at this time, was to:

- Adopt proposed Regulation 2000 through the regular rulemaking process to avoid potential confusion that might be created if emergency Regulation 2000 expired before the proposed regulation was adopted;
- Also adopt proposed Regulation 2001 to provide certainty to affected retailers that they can retain up to \$735 of total reimbursement per retail location for start-up costs while the Board tries to obtain sufficient information to determine whether that amount can be increased without affecting the revenue available for California's forest program; and
- Continue to monitor the implementation of the Lumber Products Assessment and seek additional input from the Legislature to determine whether that amount can be increased, sometime in the future, without affecting the revenue available for California's forest program.

Therefore, during the public hearing, the Board directed staff to report to the Board in April 2014 regarding the amount of Lumber Products Assessments reported during 2013 and the number of registered retail locations that were actually collecting the Lumber Products Assessment in 2013. The Board indicated that it would subsequently ask the Board's Legislative Director about the process for getting additional input from the Legislature, on behalf of the affected retailers. And, at the conclusion of the public hearing, the Board voted to adopt proposed Regulations 2000 and 2001 without making any changes.

In the informative digest included in the notice of proposed regulatory action, the Board stated that it anticipated that the adoption of proposed Regulations 2000 and 2001 will provide the following benefits:

1. Provide certainty as to the amount of reimbursement retailers may retain pursuant to PRC section 4629.5;
2. Permit retailers to retain the amount of reimbursement determined by the Board without requiring retailers to keep additional records or substantiate their individual costs; and
3. Preserve the public peace, health, safety, and general welfare, as provided in PRC section 4629.5, subdivision (a)(3).

However, based upon the above discussion, the first anticipated benefit has changed slightly. The Board now anticipates that the adoption of proposed Regulations 2000 and 2001 will provide certainty as to the amount of reimbursement retailers may retain pursuant to PRC section 4629.5 while the Board tries to obtain sufficient information to determine whether that amount can be increased without affecting the revenue available for California's forest program.